

*The Address—Mr. Gillies*

The point I want to make is that no one is suggesting that we will find a solution to the international economic problems in the old conventional methods of the past. No one is saying that we can have simple changes in the value of foreign exchanges which will clear the payment problems. Indeed, we have to hope that out of meetings such as were held in Washington a few weeks ago, and in Rome at the start of the year, that new economic policies will be developed that will make it possible for these problems to be solved. Because no one knows whether the problems can be solved, there is probably more uncertainty in the world today, so far as economic policy is concerned, than has existed for many, many years.

The reason I mention this problem in world international economic affairs is that I believe that, just as we need new and imaginative methods to solve the problem of international payments, we also need new and imaginative solutions to the economic problems that we have in Canada. The question that you have to ask yourselves, and which every member of parliament has to ask himself when he looks at the Speech from the Throne and the suggestions in it, the broad generalities that are there, is: can we have confidence that this government has really understood the changes that are taking place in the Canadian economy.

We must ask ourselves whether we can have confidence that this government knows the changes in economic policy that have to be made in order to deal with those problems in an effective fashion. I think it was Talleyrand who once said, "How sad it is to live in the middle of a revolution and not know that it is going on". We know that a revolution is going on in terms of economic policy making at the international level. The immediate impact of the oil price changes have made that very clear. But we seem to be unable to recognize that in the development of our domestic economic policies we have also had a revolution in the structure of our economy and the way in which the economy is working. Unless this is perceived, it is very unlikely that we will solve the economic problems of the present, let alone those of the future.

In the Speech from the Throne we do not see anything about a new industrial strategy for Canada. There is nothing in it about a resource policy for Canada, nothing on pricing policies, nothing on a trade policy and, most important, nothing about solving the most important problem we have in Canada today, that is the problem of inflation. In fact, there is only one issue in Canada today and that is the question of what we should do about inflation and the increasing cost of living, because there is no way in which we can solve any of our other problems until we get inflation under control.

Does anybody really believe that we can do anything about the housing problem in Canada until we deal with inflation? Does anybody really believe we can solve the problems of regional disparities of income before inflation is lowered? Does anybody really believe we can solve the problem of income distribution before the problem of inflation is solved? We cannot. The same is true of the problems of poverty. The critical thing that must be done in this parliament is to come to grips with domestic inflation and come to grips with it now.

**Some hon. Members:** Hear, hear!

[Mr. Gillies.]

**Mr. Gillies:** Otherwise, we are wasting our time here. Moreover, if we do not solve the problem of inflation and if we allow inflation to continue at its present rate, whether it is 9.1 per cent or 10 per cent, the fabric of our society and of our economic system will not survive. The people of Canada will simply not put up with an economic system and with a government that is unable to limit inflation. I think it was Lenin who said that if you wish to destroy an economic system first, you debauch the currency. That is what we are doing.

**Some hon. Members:** Hear, hear!

**Mr. Gillies:** Actually, the inflation problem will be solved and inflation will end in Canada at some time. It will come to an end in Canada in the traditional business cycle fashion. If we do not get inflation under control in this country, we will end up with a collapse of our economic system, a rise in unemployment, and a depression possibly of the dimensions and kind we have had in the past.

What can the people of Canada make of a government which states in the face of the inflation rate we have now that nothing can be done about it in the short run, although something might be done about it in the long run. The people of Canada will not accept such a proposition. What can the people of Canada think of a Prime Minister (Mr. Trudeau) who goes on a television program and says that there will be an increase in the cost of living in 1974 as high as in 1973. The implication of such remarks are that the people had better protect themselves against inflation because the government cannot protect them.

**Some hon. Members:** Shame.

**Mr. Gillies:** What are the people of the nation to think of a government that is not prepared to try hard to do something about inflation?

What is the government's excuse? The government says that it really cannot do anything about inflation in Canada because it is a world-wide problem. Certainly, there is inflation around the world. Every country in the world is suffering from inflation, but there is a fundamental difference between the inflation that is being experienced in Canada and the inflation experienced in many other countries of the world. We have isolated ourselves so far from the impact of the great increases in oil prices which are so inflationary in other countries, but more importantly our inflation, unlike inflation in other countries in the world, is not caused by the fantastic increase in the cost of our imports, which is the case in Great Britain, Japan and many other countries. The inflationary impact in our country caused by the world-wide inflationary situation is due to the increase in the price of our exports. This is something we could do something about, but we have not. So, to suggest that we have an enormous inflation in Canada because of world-wide conditions and to try to pretend we have the same problem as Britain or Japan is absolutely wrong.

If you look at the statistics on price increases in our imports, you will see that prices have been up about 8.2 per cent until the oil situation. The price increase of our exports is about 14.5 per cent, and of course the general increase in prices is about 10 per cent. No one can say that